

**STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN**

ANNUAL FINANCIAL REPORTING FORM

Submitted on 3/31/2003 2:22:31 PM

		1
1.	FOR THE YEAR ENDING:	December 31, 2002
2.	Name:	Private Medical-Care, Inc.
3.	File Number:(Enter last three digits) 933-0	079
4.	Date Incorporated or Organized:	August 13, 1968
5.	Date Licensed as a HCSP:	November 1, 1969
6.	Date Federally Qualified as a HCSP:	N/A
7.	Date Commenced Operation:	November 1, 1969
8.	Mailing Address:	12898 Towne Center Drive, Cerritos, California 90703
9.	Address of Main Administrative Office:	12898 Towne Center Drive, Cerritos, California 90703
10.	Telephone Number:	(562) 924-8311
11.	HCSP's ID Number:	933-0079
12.	Principal Location of Books and Records:	12898 Towne Center Drive, Cerritos, California 90703
13.	Plan Contact Person and Phone Number:	Melissa Gee, (415) 972-8396
14.	Financial Reporting Contact Person and Phone Number:	James Carney, (562) 467-7795
15.	President:*	Robert Burton Elliott
16.	Secretary:*	Sharon Louise Rafter
17.	Chief Financial Officer:*	Elizabeth Margaret Russell
18.	Other Officers:*	Belinda Martinez, Vice President
19.		Philip Joseph Runnoe, Assistant Treasurer
20.		Melissa Kay Gee, Assistant Secretary
21.		
22.	Directors:*	Gary Dennis Radine
23.		Elizabeth Margaret Russell
24.		Robert Burton Elliott
25.		Jerry Reid Holcombe
26.		Marilyn Godby Belek, DMD
27.		Anthony Scott Barth
28.		
29.		
30.		
31.		

The officers listed on lines 15 through 17 of the health care service plan noted on line 2, being duly sworn, each for himself or herself, deposes and says that they are the officers of the said health care service plan, and that, for the reporting period stated above, all of the herein assets were the absolute property of the said health care service plan, free and clear from any liens or claims thereon, except as herein stated, and that these financial statements, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said health care service plan as of the reporting period stated above, and of its income and deductions therefrom for the period reported, according to the best of their information, knowledge and belief, respectively.





32. President	Robert Burton Elliott
33. Secretary	Sharon Louise Rafter
34. Chief Financial Officer	Elizabeth Margaret Russell
* Show full name (initials not accepted) and indicate by sign (#) those officers and directors who did not occupy the indicated position in the previous statement.	
35. If this is a revised filing, check here:	<input type="checkbox"/>
36. If all dollar amounts are reported in thousands (000), check here	<input type="checkbox"/>

Check My Work.

STATE OF CALIFORNIA
DEPARTMENT OF MANAGED HEALTH CARE
HEALTH CARE SERVICE PLAN

ANNUAL FINANCIAL REPORTING FORM

SUPPLEMENTAL INFORMATION

		1	
1.	Are footnote disclosures attached with this filing?	Yes	
2.	Is the attached reporting form filed on a consolidated or combined basis? If "Yes", the plan is required to file consolidating or combining schedules.	Yes	
3.	Is the plan required to file additional information (i.e. parent/affiliate financial statements, claims reports, etc.) that is required by the Department?	No	
4.	Are there any significant changes reported on claims Schedule G, Section III?	No	 No
5.	If "yes", describe:		

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

REPORT #1 ---- PART A: ASSETS

1	2
CURRENT ASSETS:	Current Period
1. Cash and Cash Equivalents	7,944,535
2. Short-Term Investments	
3. Premiums Receivable - Net	5,174,576
4. Interest Receivable	3,274
5. Shared Risk Receivables - Net	
6. Other Health Care Receivables - Net	307,277
7. Prepaid Expenses	901,008
8. Secured Affiliate Receivables - Current	21,399,465
9. Unsecured Affiliate Receivables - Current	709,186
10. Aggregate Write-Ins for Current Assets	0
11. TOTAL CURRENT ASSETS (Items 1 to 10)	36,439,321
OTHER ASSETS:	
12. Restricted Assets	362,811
13. Long-Term Investments	735,346
14. Intangible Assets and Goodwill - Net	
15. Secured Affiliate Receivables - Long-Term	
16. Unsecured Affiliate Receivables - Past Due	
17. Aggregate Write-Ins for Other Assets	374,661
18. TOTAL OTHER ASSETS (Items 12 to 17)	1,472,818
PROPERTY AND EQUIPMENT	
19. Land, Building and Improvements	0
20. Furniture and Equipment - Net	1,266,104
21. Computer Equipment - Net	1,542,313
22. Leasehold Improvements - Net	663,891
23. Construction in Progress	12,348
24. Software Development Costs	17,413,358
25. Aggregate Write-Ins for Other Equipment	0
26. TOTAL PROPERTY AND EQUIPMENT (Items 19 to 25)	20,898,014
27. TOTAL ASSETS	58,810,153
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR CURRENT ASSETS	
1001.	
1002.	
1003.	
1004.	
1098. Summary of remaining write-ins for Item 10 from overflow page	
1099. TOTALS (Items 1001 thru 1004 plus 1098)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER ASSETS	
1701. Note Receivable	350,223
1702. Deposit	24,438
1703.	
1704.	
1798. Summary of remaining write-ins for Item 17 from overflow page	
1799. TOTALS (Items 1701 thru 1704 plus 1798)	374,661
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER EQUIPMENT	
2501.	
2502.	
2503.	
2504.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	0

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

REPORT #1 ---- PART B: LIABILITIES AND NET WORTH

1	2	3	4
CURRENT LIABILITIES:	Current Period		
	Contracting	Non-Contracting	Total
1. Trade Accounts Payable	6,993,413	XXX	6,993,413
2. Capitation Payable	43,456	XXX	43,456
3. Claims Payable (Reported)	1,177,030	72,867	1,249,897
4. Incurred But Not Reported Claims	7,192,422	785,337	7,977,759
5. POS Claims Payable (Reported)			0
6. POS Incurred But Not Reported Claims			0
7. Other Medical Liability			0
8. Unearned Premiums	7,862,608	XXX	7,862,608
9. Loans and Notes Payable		XXX	
10. Amounts Due To Affiliates - Current	1,280,138	XXX	1,280,138
11. Aggregate Write-Ins for Current Liabilities	0	0	0
12. TOTAL CURRENT LIABILITIES (Items 1 to 11)	24,549,067	858,204	25,407,271
OTHER LIABILITIES:			
13. Loans and Notes Payable (Not Subordinated)		XXX	0
14. Loans and Notes Payable (Subordinated)	10,000,000	XXX	10,000,000
15. Accrued Subordinated Interest Payable		XXX	0
16. Amounts Due To Affiliates - Long Term		XXX	0
17. Aggregate Write-Ins for Other Liabilities	6,315,807	XXX	6,315,807
18. TOTAL OTHER LIABILITIES (Items 13 to 17)	16,315,807	XXX	16,315,807
19. TOTAL LIABILITIES	40,864,874	858,204	41,723,078
NET WORTH			
20. Common Stock	XXX	XXX	
21. Preferred Stock	XXX	XXX	
22. Paid In Surplus	XXX	XXX	
23. Contributed Capital	XXX	XXX	
24. Retained Earnings (Deficit)/Fund Balance	XXX	XXX	17,087,075
25. Aggregate Write-Ins for Other Net Worth Items	XXX	XXX	0
26. TOTAL NET WORTH (Items 20 to 25)	XXX	XXX	17,087,075
27. TOTAL LIABILITIES AND NET WORTH	XXX	XXX	58,810,153
DETAILS OF WRITE-INS AGGREGATED AT ITEM 11 FOR CURRENT LIABILITIES			
1101.			0
1102.			0
1103.			0
1104.			0
1198. Summary of remaining write-ins for Item 11 from overflow page			0
1199. TOTALS (Items 1101 thru 1104 plus 1198)	0	0	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 17 FOR OTHER LIABILITIES			
1701. Accrued Retirement Benefits	3,332,344	XXX	3,332,344
1702. Accrued Payroll	2,500,953	XXX	2,500,953
1703. Deferred Compensation	378,529	XXX	378,529
1704. Capital Lease	103,981	XXX	103,981
1798. Summary of remaining write-ins for Item 17 from overflow page		XXX	0
1799. TOTALS (Items 1701 thru 1704 plus 1798)	6,315,807	XXX	6,315,807
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR OTHER NET WORTH ITEMS			
2501.	XXX	XXX	
2502.	XXX	XXX	
2503.	XXX	XXX	
2504.	XXX	XXX	
2598. Summary of remaining write-ins for Item 25 from overflow page	XXX	XXX	
2599. TOTALS (Items 2501 thru 2504 plus 2598)	XXX	XXX	0

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

	1
	Year-To-Date
REVENUES:	
1. Premiums (Commercial)	166,300,241
2. Capitation	
3. Co-payments, COB, Subrogation	
4. Title XVIII - Medicare	
5. Title XIX - Medicaid	
6. Fee-For-Service	17,178
7. Point-Of-Service (POS)	
8. Interest	1,731,274
9. Risk Pool Revenue	
10. Aggregate Write-Ins for Other Revenues	974,832
11. TOTAL REVENUE (Items 1 to 10)	169,023,525
EXPENSES:	
Medical and Hospital	
12. Inpatient Services - Capitated	
13. Inpatient Services - Per Diem	
14. Inpatient Services - Fee-For-Service/Case Rate	
15. Primary Professional Services - Capitated	85,210,023
16. Primary Professional Services - Non-Capitated	33,358,639
17. Other Medical Professional Services - Capitated	
18. Other Medical Professional Services - Non-Capitated	
19. Non-Contracted Emergency Room and Out-of-Area Expense, not including POS	
20. POS Out-Of-Network Expense	
21. Pharmacy Expense -- Capitated	
22. Pharmacy Expense -- Fee-For-Service	
23. Aggregate Write-Ins for Other Medical and Hospital Expenses	2,681,295
24. TOTAL MEDICAL AND HOSPITAL (Items 12 to 23)	121,249,957
Administration	
25. Compensation	21,852,298
26. Interest Expense	733,177
27. Occupancy, Depreciation and Amortization	4,528,057
28. Management Fees	
29. Marketing	8,109,604
30. Affiliate Administration Services	6,138,198
31. Aggregate Write-Ins for Other Administration	6,359,494
32. TOTAL ADMINISTRATION (Items 25 to 31)	47,720,828
33. TOTAL EXPENSES	168,970,785
34. INCOME (LOSS)	52,740
35. Extraordinary Item	
36. Provision for Taxes	
37. NET INCOME (LOSS)	52,740
NET WORTH:	
38. Net Worth Beginning of Period	17,034,335
39. Audit Adjustments	
40. Increase (Decrease) in Common Stock	
41. Increase (Decrease) in Preferred Stock	
42. Increase (Decrease) in Paid in Surplus	
43. Increase (Decrease) in Contributed Capital	
44. Increase (Decrease) in Retained Earnings:	
45. Net Income (Loss)	52,740
46. Dividends to Stockholders	
47. Aggregate Write-Ins for Changes in Retained Earnings	0
48. Aggregate Write-Ins for Changes in Other Net Worth Items	0
49. NET WORTH END OF PERIOD (Items 38 to 48)	17,087,075

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

REPORT #2: REVENUE, EXPENSES AND NET WORTH

1		2
		Year-To-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 10 FOR OTHER REVENUES		
1001.	Administrative Income	789,640
1002.	Reinsurance recoveries	185,192
1003.		
1004.		
1005.		
1006.		
1098.	Summary of remaining write-ins for Item 10 from overflow page	
1099.	TOTALS (Items 1001 thru 1006 plus 1098)	974,832
DETAILS OF WRITE-INS AGGREGATED AT ITEM 23 FOR OTHER MEDICAL AND HOSPITAL EXPENSES		
2301.	Quality Assurance	2,681,295
2302.		
2303.		
2304.		
2305.		
2306.		
2398.	Summary of remaining write-ins for Item 23 from overflow page	
2399.	TOTALS (Items 2301 thru 2306 plus 2398)	2,681,295
DETAILS OF WRITE-INS AGGREGATED AT ITEM 31 FOR OTHER ADMINISTRATIVE EXPENSES		
3101.	Other Administrative Expense	6,359,494
3102.		
3103.		
3104.		
3105.		
3106.		
3198.	Summary of remaining write-ins for Item 31 from overflow page	
3199.	TOTALS (Items 3101 thru 3106 plus 3198)	6,359,494
DETAILS OF WRITE-INS AGGREGATED AT ITEM 47 FOR CHANGES IN RETAINED EARNINGS		
4701.		
4702.		
4703.		
4704.		
4705.		
4706.		
4798.	Summary of remaining write-ins for Item 47 from overflow page	
4799.	TOTALS (Items 4701 thru 4706 plus 4798)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 48 FOR CHANGES OF OTHER NET WORTH ITEMS		
4801.		
4802.		
4803.		
4804.		
4805.		
4806.		
4898.	Summary of remaining write-ins for Item 48 from overflow page	
4899.	TOTALS (Items 4801 thru 4806 plus 4898)	0

REPORT #3: STATEMENT OF CASH FLOWS (Direct Method)

1	2
	Year-To-Date
CASH FLOW PROVIDED BY OPERATING ACTIVITIES	
1. Group/Individual Premiums/Capitation	165,438,133
2. Fee-For-Service	17,178
3. Title XVIII - Medicare Premiums	
4. Title XIX - Medicaid Premiums	
5. Investment and Other Revenues	2,706,041
6. Co-Payments, COB and Subrogation	
7. Medical and Hospital Expenses	-121,143,715
8. Administration Expenses	-44,835,315
9. Federal Income Taxes Paid	
10. Interest Paid	-733,177
11. NET CASH PROVIDED BY OPERATING ACTIVITIES	1,449,145
CASH FLOW PROVIDED BY INVESTING ACTIVITIES	
12. Proceeds from Restricted Cash and Other Assets	
13. Proceeds from Investments	2,144,438
14. Proceeds for Sales of Property, Plant and Equipment	
15. Payments for Restricted Cash and Other Assets	-99,723
16. Payments for Investments	-4,931,551
17. Payments for Property, Plant and Equipment	-3,261,994
18. NET CASH PROVIDED BY INVESTING ACTIVITIES	-6,148,830
CASH FLOW PROVIDED BY FINANCING ACTIVITIES:	
19. Proceeds from Paid in Capital or Issuance of Stock	4,000,000
20. Loan Proceeds from Non-Affiliates	
21. Loan Proceeds from Affiliates	
22. Principal Payments on Loans from Non-Affiliates	
23. Principal Payments on Loans from Affiliates	
24. Dividends Paid	
25. Aggregate Write-Ins for Cash Provided by Financing Activities	-128,192
26. NET CASH PROVIDED BY FINANCING ACTIVITIES	3,871,808
27. NET INCREASE (DECREASE) IN CASH (Items 11, 18 & 26)	-827,877
28. CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	8,772,412
29. CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7,944,535
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
30. Net Income	52,740
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
31. Depreciation and Amortization	2,699,239
32. Decrease (Increase) in Receivables	-378,321
33. Decrease (Increase) in Prepaid Expenses	-446,702
34. Decrease (Increase) in Affiliate Receivables	581,382
35. Increase (Decrease) in Accounts Payable	-1,206,866
36. Increase (Decrease) in Claims Payable and Shared Risk Pool	151,382
37. Increase (Decrease) in Unearned Premium	-483,787
38. Aggregate Write-Ins for Adjustments to Net Income	480,078
39. TOTAL ADJUSTMENTS (Items 31 through 38)	1,396,405
40. NET CASH PROVIDED BY OPERATING ACTIVITIES (Item 30 adjusted by Item 39 must agree to Item 11)	1,449,145
DETAILS OF WRITE-INS AGGREGATED AT ITEM 25 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES	
2501. Capital Lease	-128,192
2502.	
2503.	
2598. Summary of remaining write-ins for Item 25 from overflow page	
2599. TOTALS (Items 2501 thru 2503 plus 2598)	-128,192
DETAILS OF WRITE-INS AGGREGATED AT ITEM 38 FOR ADJUSTMENTS TO NET INCOME	
3801. Accrued Payroll	-74,607
3802. Accrued Retirement	969,142
3803. Other Receivable	-37,846
3898. Summary of remaining write-ins for Item 38 from overflow page	-376,611
3899. TOTALS (Items 3801 thru 3803 plus 3898)	480,078

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

	1
	Year-to-Date
CASH FLOWS FROM OPERATING ACTIVITIES:	
1. Net Income (Loss)	52,740
ADJUSTMENTS TO RECONCILE NET INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
2. Depreciation and Amortization	
3. Unrealized Gains/Losses on Equity Securities	
4. Gain/Loss on Sale of Assets	
5. Deferred Income Taxes	
CHANGE IN OPERATING ASSETS AND LIABILITIES	
(Increase) Decrease in Operating Assets:	
6. Receivables	
7. Prepaid Expenses	
8. Affiliate Receivables	
9. Aggregate write-ins for (increase) decrease in operating assets	0
Increase (Decrease) in Operating Liabilities:	
10. Trade Accounts Payable	
11. Capitation Payable	
12. Claims Payable and IBNR	
13. Other Medical Liability	
14. Unearned Premiums	
15. Affiliate Payables	
16. Aggregate write-ins for increase (decrease) in operating liabilities	0
17. NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	52,740
CASH FLOW FROM INVESTING ACTIVITIES	
18. Proceeds from Restricted Cash and Other Assets	
19. Proceeds from Investments	
20. Proceeds for Sales of Property, Plant, and Equipment	
21. Payments for Restricted Cash and Other Assets	
22. Payments for Investments	
23. Payments for Property, Plant, and Equipment	
24. Aggregate write-ins for cash flow provided by investing activities	0
25. NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	0
CASH FLOW FROM FINANCING ACTIVITIES	
26. Proceeds from Paid-in-Capital or Issuance of Stock	
27. Loan Proceeds from Non-Affiliates	
28. Loan Proceeds from Affiliates	
29. Principal Payments on Loans from Non-Affiliates	
30. Principal Payments on Loans from Affiliates	
31. Dividends Paid	
32. Principal Payments under lease obligations	
33. Aggregate write-ins for cash flow provided by financing activities	0
34. NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	0
35. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	52,740
36. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	
37. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7,944,535

REPORT #3: STATEMENT OF CASH FLOWS (Indirect Method)

1	2
	Year-to-Date
DETAILS OF WRITE-INS AGGREGATED AT ITEM 9 FOR (INCREASE) DECREASE IN OPERATING ASSETS	
901.	
902.	
903.	
998. Summary of remaining write-ins for Item 9 from overflow page	
999. TOTALS (Items 901 thru 903 plus 998)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 16 FOR INCREASE (DECREASE) IN OPERATING LIABILITIES	
1601.	
1602.	
1603.	
1698. Summary of remaining write-ins for Item 16 from overflow page	
1699. TOTALS (Items 1601 thru 1603 plus 1698)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 24 FOR CASH FLOW PROVIDED BY INVESTING ACTIVITIES	
2401.	
2402.	
2403.	
2498. Summary of remaining write-ins for Item 24 from overflow page	
2499. TOTALS (Items 2401 thru 2403 plus 2498)	0
DETAILS OF WRITE-INS AGGREGATED AT ITEM 33 FOR CASH FLOW PROVIDED BY FINANCING ACTIVITIES	
3301.	
3302.	
3303.	
3398. Summary of remaining write-ins for Item 33 from overflow page	
3399. TOTALS (Items 3301 thru 3303 plus 3398)	0

TOTAL ENROLLMENT

[illegible]

SCHEDULE A-1 (CASH)

1	2	3
Name of Depository (List all accounts even if closed during the period)	Account Number	Balance*
1. Wells Fargo Bank	4031-054380	4,442,246
2. Wells Fargo Bank	4031-049398	886,882
3. Fleet Bank	000-097-2077	74,604
4. Wells Fargo Bank	2300-148117	1,851,101
5. Wells Fargo Bank	4031-056674	333,047
6. Wells Fargo Bank	4589-619303	265,038
7. Bank Of America	590034062	16,300
8. Others		72,317
9. Total Cash on Deposit		7,941,535
10. Cash on Hand (Petty Cash)		3,000
11. Total Cash on Hand and on Deposit (Report #1, Part A, Line 1)		7,944,535

SCHEDULE A-2 RESTRICTED ASSETS

1	2	3
Name of Depository (List all accounts even if closed during period)	Account Number	Balance*
12. Wells Fargo Bank	1031698020	100,000
13. Chase Bank of Texas	88805177219	133,088
14. Wells Fargo Bank	2201306400	30,000
15. First Union Bank	807200751	99,723
16.		
17.		
18.		
19. Total Restricted Assets		362,811

* Indicate the Balance Per the HMO's Records

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

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SCHEDULE B - INVESTMENTS

Individually list investments with account balances greater than 2% of total (short-term and long-term) investments.

1	2	3	4	5	6	7	8	9	10	11
CUSIP		(S)= Stock (B)= Bonds (O)=Other	Date Acquired	Maturity Date	Par Value (Bonds) or No. Shares (Stock)	Income Earned	Market Value	Cost	Total Short-Term Investments	Total Long-Term Investments
Identification	Description									
1. 3133MBXV4	Federal Home Ln Bks 7.505%	B	11/28/2000	8/16/2010	2,000,000	150,100	2,257,500	2,000,078		2,000,078
2. 312902SB6	Federal Home Ln Mtg Corp 8.00%	B	11/28/2000	2/25/2010	500,000	40,000	504,080	498,906		498,906
3. 3133MBXG7	Federal Home Ln Bks 7.520%	B	11/28/00	8/4/2010	500,000	37,600	563,906	499,000		499,000
4. 3133MC2P9	Federal Home Ln Bks 7.600%	B	11/28/2000	9/3/2010	1,000,000	76,000	1,038,125	1,000,000		1,000,000
5. 3133MCKT1	Federal Home Ln Bks 7.315%	B	1/30/2001	12/12/2013	1,000,000	73,150	1,053,438	998,125		998,125
6. 3133MBM38	Federal Home Ln Bks 8.09%	B	2/22/2001	6/6/2007	1,000,000	80,900	1,028,438	999,219		999,219
7. 31331HD38	Federal Farm Credit Bank 7.95%	B	2/22/2001	1/22/2010	1,000,000	79,500	1,003,438	995,391		995,391
8. 3136F2CH9	Federal Natl Mtg Assn 6.60% 08/22/22	B	10/30/2002	8/22/2022	1,000,000	66,000	1,006,563	997,578		997,578
9. 312902QH5	Federal Home Ln Mtg Corp 8.03%	B	3/15/2001	1/13/15	1,000,000	80,300	1,001,750	994,010		994,010
10. 312923P25	Federal Home Ln Mtg Corp 6.50%	B	9/27/2001	6/6/11	500,000	32,500	527,891	497,500		497,500
11. 3133MD2H5	Federal Home Ln Bks 6.77%	B	9/27/2001	2/12/2016	500,000	33,850	526,094	499,844		499,844
12. 3133MG7H3	Federal Home Ln Bks 6.76%	B	9/27/2001	7/27/2015	1,000,000	67,600	1,069,688	992,812		992,812
13. 3133MG7L4	Federal Home Ln Bks 7.00%	B	9/27/2001	7/25/2016	500,000	35,000	514,251	499,000		499,000
14. 3134A3A97	Federal Home Ln Mtg Corp 7.15%	B	9/27/2001	8/12/19	500,000	35,750	515,938	504,375		504,375
15. 3136F0RX2	FNMA Med Term Note 6.78%	B	9/27/2001	7/12/2016	2,000,000	135,600	2,113,750	1,993,438		1,993,438
16. 3136FOG66	Federal Home Ln Mtg Corp 6.34%	B	10/22/2001	9/21/16	500,000	31,700	527,969	500,156		500,156
17. 3133MHN66	Federal Home Ln Bks 6.36%	B	12/21/2001	10/7/2016	1,000,000	63,600	1,030,938	997,969		997,969
18. 3133MHM66	Federal Home Ln Bks 6.25%	B	12/21/2001	10/4/2016	500,000	31,250	526,094	499,063		499,063
19. 3133MGU33	Federal Home Ln Bks 6.67%	B	12/21/2001	09/02/2016	585,000	39,020	603,098	582,806		582,806
20. 3133MEZN3	Federal Home Ln Bks 6.49%	B	12/21/2001	5/23/2016	500,000	32,450	508,750	501,406		501,406
21. 3136F1JU5	Federal Nat. Mort. Assn. 6.58%	B	2/27/2002	2/1/2017	655,000	35,772	701,055	653,158		653,158
22. 3136F1KX7	Federal Nat. Mort. Assn. 6.63%	B	2/27/2002	2/8/2017	500,000	27,515	536,250	497,891		497,891
23. 3136F1KA7	Federal Nat. Mort. Assn. 6.80%	B	3/26/2002	2/6/2017	500,000	25,500	502,188	495,938		495,938
24. 3136FILW3	Federal Nat. Mort. Assn. 6.85%	B	3/26/2002	2/21/2017	1,000,000	51,375	1,006,563	997,578		997,578
25. 458182BU5	Inter Amern Dev BK BD 7.125%	B	6/10/2002	3/15/2023	1,000,000	35,625	1,041,563	1,018,788		1,018,788
26. Combined	Federal Home Ln Bks 6.36%	B	8/19/2002	6/17/2003	2,000,000	31,975	2,055,090	1,997,208		1,997,208
27. 312925ST8	Federal Home Loan Mtg 6.50%	B	8/19/2002	6/27/2017	945,000	15,356	963,617	943,679		943,679
28.	DDPC's portion of investment	B								-2,255,451
29. TOTAL INVESTMENTS		XXX	XXX	XXX	XXX	XXX	XXX	XXX	0	21,399,465

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE C - PREMIUMS RECEIVABLE (Other than Affiliates)

Individually list all debtors (commercial only) with account balances greater than 5% of gross Premiums Receivable

	1 Name of Debtor	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Total
1.	N/A				0
2.					0
3.					0
4.					0
5.					0
6.					0
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46.					0
47.					0
48.					0
49.					0
50.					0
51.					0
52.					0
53.					0
54.					0
55.	Total - Individual Listed Receivables	0	0	0	0

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE D
HEALTH CARE RECEIVABLES &
AMOUNTS DUE FROM PARENT, SUBSIDIARIES, AND AFFILIATES

Individually list all debtors with account balances greater than 10% of gross Receivables

	1 Name of Debtor	2 31-60 Days	3 61-90 Days	4 Over 90 Days	5 Total
1.	Delta Dental Insurance Company	640,062			640,062
2.					0
3.					0
4.					0
5.					0
6.					0
7.					0
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36.					0
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38.					0
39.					0
40.					0
41.					0
42.					0
43.					0
44.					0
45.					0
46.					0
47.					0
48.					0
49.					0
50.					0
51.					0
52.					0
53.					0
54.					0
55.	Total - Individual Listed Receivables	640,062	0	0	640,062

SCHEDULE E - PROPERTY & EQUIPMENT - NET

1	2	3	4	5
Description, Address, and Date Acquired	Cost	Improvements	Accumulated Depreciation	Book Value (Columns 2+3-4)
Land:				
1.	0	0	0	0
2.	0	0	0	0
3.	0	0	0	0
4. TOTAL LAND	0	0	0	0
Building & Improvements:				
5.	0	0	0	0
6.	0	0	0	0
7.	0	0	0	0
8. TOTAL BUILDING & IMPROVEMENTS	0	0	0	0
Construction in Progress:				
9.	12,348	0	0	12,348
10.	0	0	0	0
11.	0	0	0	0
12. TOTAL CONSTRUCTION IN PROGRESS	12,348	0	0	12,348
13. Furniture & Equipment (Totals Only):	5,592,487		4,326,383	1,266,104
14. Computer Equipment (Totals Only):	6,312,525		4,770,212	1,542,313
15. Software Development Costs (Totals Only):	18,299,336		885,978	17,413,358
Other:				
16.	0	0	0	0
17.	0	0	0	0
18.	0	0	0	0
19.	0	0	0	0
20.	0	0	0	0
21.	0	0	0	0
22.	0	0	0	0
23.	0	0	0	0
24. TOTAL OTHER	0	0	0	0
25. GRAND TOTALS	30,216,696	0	9,982,573	20,234,123

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE F - ACCOUNTS PAYABLE

Individually list all creditors with account balances greater than 5% of total trade accounts payable. Group the total of all other payables and enter on the line titled, "Aggregate Accounts Not Individually Listed-Due." Report accounts payable from the initial date of billing or due date under contract.

1 Name of Debtor		2 31-60 Days	3 61-90 Days	4 91-120 Days	5 Over 120 Days	6 Total
1.	Aggregate Accounts Not Individually Listed	6,993,413				6,993,413
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0
24.	Total - Individual Listed Payables	6,993,413	0	0	0	6,993,413

SCHEDULE G - UNPAID CLAIMS ANALYSIS**SECTION I - CLAIMS UNPAID**

	1	2	3
Type of Claim	Reported Claims in Process of Adjustment	Estimated Incurred but Unreported	Total - Unpaid Claims (Columns 4+5 of Section II)
1. Inpatient Claims			0
2. Physician Claims	1,177,030	7,192,422	8,369,452
3. Referral Claims	72,867	785,337	858,204
4. Other Medical			0
5. TOTAL	1,249,897	7,977,759	9,227,656

SECTION II - ANALYSIS OF CLAIMS UNPAID - PREVIOUS YEAR (FILE ANNUAL ONLY)

1 Type of Claim	Claims Paid During the Fiscal Year		Unpaid Claims During the Fiscal Year		6 Total Claims (Paid and Unpaid) for the Previous Fiscal Year (2+4)	7 Estimated Liability of Unpaid Claims Prior to the first day of the Prior Year
	2 On Claims Incurred Prior to the first day of the Current Fiscal Year	3 On Claims Incurred During the Fiscal Year	4 On Claims Unpaid Prior to the first day of the Previous Fiscal Year	5 On Claims Incurred During the Year		
6. Inpatient Claims					0	
7. Physician Claims	3,389,285	36,998,448	29,178	8,340,274	3,418,463	8,455,820
8. Referral Claims	285,648	2,403,073	17,487	840,717	303,135	620,454
9. Other Medical					0	
10. TOTAL	3,674,933	39,401,521	46,665	9,180,991	3,721,598	9,076,274

SECTION III - INVENTORY OF CLAIMS TO BE PROCESSED*

1 Month Ending	2 Beginning Balance Number of Claims in inventory on the 1st of each month	3 Add - Claims Received during the month	4 Deduct - Claims paid during the month	5 Deduct - Claims denied during the month	6 Add/Deduct - Adjustments	7 Ending Balance Number of claims in inventory at the end of the month
11.						0
12.						0
13.						0
14.						0
15.						0
16.						0
17.						0
18.						0
19.						0
20.						0
21.						0
22.						0
23.						0

* Describe any significant changes reported on Schedule G, Section III in the Supplemental Schedule (Page 2).

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE H - AGING OF ALL CLAIMS

Age all claims on hand at the end of each month. Use the date of receipt to determine the number of days the claims is outstanding.

The amount reported in Column 6 should equal the amount Reported on Schedule G, Section III, Column 7.

	1	2	3	4	5	6
	Month Ending	1-30 Days	31-60 Days	61-90 Days	Over 90 Days	Total
1.						0
2.						0
3.						0
4.						0
5.						0
6.						0
7.						0
8.						0
9.						0
10.						0
11.						0
12.						0
13.						0

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE I - ANALYSIS OF TOTAL MEDICAL LIABILITY TO ACTUAL CLAIMS PAID

Using the Plan's Lag Tables, complete the following table. Provide claim information the current quarter and the previous seven quarters. An actuarial certification may be submitted in lieu of this schedule.

Reported Accrual				
1	2	3	4	5
Quarter Ending Date	Total Medical Liability*	Amount Paid-To-Date	Difference - Column (2-3)	Liability (Based on plan's lag table)
1. See attached Actuarial Report		XXX	0	
2. Previous			0	
3. Previous			0	
4. Previous			0	
5. Previous			0	
6. Previous			0	
7. Previous			0	
8. Previous			0	

* Should tie to Report #1, Part B, Column 4, Lines 3 through 7.

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE J
LOANS AND NOTES PAYABLE (INCLUDING AFFILIATES)

List all amounts with balances greater than 10% of gross Payables

	1	2	3	4	5	6	7	8
	Name of Lender	Rate	Principal	Accrued Interest	Total	Current	Non-Current	Compliance with Covenants Y or N
	FINANCIAL INSTITUTIONS:							
1.					0			
2.					0			
3.					0			
4.					0			
5.					0			
6.					0			
7.					0			
8.					0			
9.					0			
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15.					0			
16.					0			
17.					0			
18.					0			
19.					0			
20.					0			
21.					0			
22.					0			
23.					0			
24.	TOTAL FINANCIAL INSTITUTIONS	XXX	0	0	0	0	0	XXX
	OTHER LENDERS:							
25.	Delta Dental Plan of California	7.37	10,000,000	60,881	10,060,881	10,000,000		Y
26.					0			
27.					0			
28.					0			
29.					0			
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41.					0			
42.					0			
43.					0			
44.					0			
45.					0			
46.					0			
47.					0			
48.					0			
49.					0			
50.					0			
51.					0			
52.	TOTAL OTHER LENDERS	XXX	10,000,000	60,881	10,060,881	10,000,000	0	XXX

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

SCHEDULE K - SUMMARY OF HMO'S TRANSACTIONS WITH ANY AFFILIATES

Include the aggregate of transactions, for the reporting period, within each category involving the parent company (companies), all insurance companies in the Holding Company System, and all other companies in the system with which an insurance company or HMO member had a transaction. Exclude: transactions of a non-insurer with an insurance company or HMO that are of a routine nature (i.e., the purchase of insurance coverage) and cost allocation transactions that are based upon generally accepted accounting principles.

1	2	3	4	5	6	7	8	9	10
Federal ID Number	Names of HMOs and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans, or Other Investments	Income/ (Disbursements) Incurred In Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	Any Other Material Activity not in the Ordinary Course of the Insurer's HMO Business	Total
1. 95-2641865	Private Medical-Care, Inc.					1,654,106			1,654,106
2. 74-2447512	Alpha Dental programs, Inc.					-1,654,106			-1,654,106
3. 95-2641865	Private Medical-Care, Inc.					16,313			16,313
4. 86-0672505	DeltaCare Dental Plan, Inc. (Utah)					-16,313			-16,313
5. 95-2641865	Private Medical-Care, Inc.		-125,000						-125,000
6. 95-2641865	Private Medical-Care, Inc.					53,261			53,261
7. 88-0244893	DeltaCare Dental Plan, Inc. (Nevada)		125,000						125,000
8. 88-0244893	DeltaCare Dental Plan, Inc. (Nevada)					-53,261			-53,261
9. 95-2641865	Private Medical-Care, Inc.					-1,690,235			-1,690,235
10. 94-1361312	Delta Dental Plan of California					1,690,235			1,690,235
11. 95-2641865	Private Medical-Care, Inc.					-2,570,604			-2,570,604
12. 94-1361312	Delta Dental Plan of California					2,570,604			2,570,604
13. 94-2761537	Delta Dental Insurance Company					1,298,784			1,298,784
14. 95-2641865	Private Medical-Care, Inc.					-1,298,784			-1,298,784
15. 94-1361312	Delta Dental Plan of California		-4,000,000						-4,000,000
16. 95-2641865	Private Medical-Care, Inc.		4,000,000						4,000,000
17.									0
18.									0
19. TOTALS		0	0	0	0	0	0	0	0

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NOTES TO FINANCIAL STATEMENTS	
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GENERAL INTERROGATORIES

	1	2
1. Has any change been made since the last reporting date in the charter, articles of incorporation, by-laws, or contracts with physicians, hospitals or subscribers where submission is required by a state regulation? If "Yes," attach current copies of the documents, if they have not been previously submitted.	No	
2. Is the Reporting Entity authorized to conduct business in other states? If "Yes", list all states which the Reporting Entity is authorized to conduct business:	Yes	Texas, Nevada, Utah, Pennsylvania, Georgia, Florida
3. State the name of the regulatory agency and state as of what date the latest financial examination of the Reporting Entity was made or is being made.	Department of Managed Health Care, 6/30/02	
4. State the name of the regulatory agency and the date of the latest financial examination report that is available from other regulatory agencies. This date should be the date of the examined balance sheet and not the date the report was completed or released.	Department of Managed Health Care, 6/30/02	
5. State the name of the regulatory agency and state as of what date the latest financial examination report became available to other states or the public from other regulatory agencies. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).	Not Available	
6. Is the Reporting Entity directly or indirectly owned or controlled by any other company, corporation, group of companies, partnership, or individual?	Yes	
7. Does the Reporting Entity have an established procedure for annual disclosure to its Board of Directors of any material interest or affiliation on the part of any of its officers, directors, or responsible employees, which is in, or is likely to, conflict with the official duties of such person?	Yes	
8. Did any officer, director, shareholder, or salaried employee of the Reporting Entity receive, directly or indirectly, any commission on the business transactions of the Reporting Entity? If "Yes," give particulars:	No	
9. Was money loaned during the period covered by this report to any officer, director, or shareholder of the Reporting Entity? If "Yes," give detailed explanation of each loan:	No	
10. Are officers and employees of the Reporting Entity covered by a fidelity bond? If "Yes," give name of surety company and amount of coverage:	Yes	Financial Institution Bond Form 25, National Union Fire Insurance Co. of Pittsburgh, \$15,000,000
11. Were all the stocks, bonds, and other securities owned as of the reporting period, over which the Reporting Entity has exclusive control, in the actual possession of the Reporting Entity on the said date? If "No," give location:	Yes	
12. Is the purchase or sale of all investments of the Reporting Entity passed upon by either the Board of Directors or a subordinate committee thereof? If "No," state who has the authority:	Yes	
13. Has any present or former officer, director, or any other person or firm any claim of any nature whatsoever against the Reporting Entity which is not included in the financial statements? If "Yes," give details:	No	
14. Have damage claims for medical injury been initiated against the Reporting Entity during the reporting year? If "Yes," provide the following information on any contingent liabilities that will be greater than 1% of required TNE. Include a complete report giving the number and amount of claims broken down into claims with and without formal legal process, and their disposition, if any.	No	

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

GENERAL INTERROGATORIES

	1	2
15. Has the Reporting Entity been subject to any administrative orders, cease and desist orders, revocation orders, fines or suspensions by any government entity during the reporting year? If "Yes," give details (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement).	No	
16. Have any other legal actions been taken against the Reporting Entity during the reporting year? If "Yes," attach additional sheets giving full particulars.	Yes	
17. Does the Reporting Entity have direct professional liability coverage (commonly known as "malpractice")? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date.	Yes	Chubb Executive Risk, \$8,000,000 each claim and aggregate. Expires 8/1/2003
18. Are the providers of the Reporting Entity contractually obligated to maintain professional liability coverage?	Yes	
19. Does the Reporting Entity have general liability insurance coverage? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date:	Yes	Federal Insurance Comoany (Chubb), \$1,000,000 each claim and \$2,000,000 aggregate. Expires 8/1/2003
20. Does the Reporting Entity have reinsurance (stop-loss) coverage? If the Reporting Entity does not have this coverage, please explain. If "Yes," provide the (1) name of carrier, (2) limits of coverage, and (3) expiration date.	No	
21. Describe arrangements which the Reporting Entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other arrangements.	Hold Harmless Provision in all provider contracts.	
22. Does the Reporting Entity set-up its claims liability for hospital and other medical services on an invoice date basis or a service date basis? (State basis, if both, explain)	Invoice	
23. Have there been any changes in the information filed with the Department regarding the value of the collateral used to secure affiliate receivables that are being included to calculate Tangible Net Equity as permitted by Rule 1300.76(e). If "yes," give details and indicate if the changes have been filed.	No	
24. Does the Reporting Entity have business subject to implicit or explicit premium rate guarantees? If "Yes," provide (1) the percentage of total revenues that has rate guarantees between 15-36 months and (2) the percentage of total revenues that has rate guarantees over 36 months.	Yes	15% between 15-36 months, none greater than 36 months
25. Does the Reporting Entity contract with other companies for claims processing services? If "Yes," provide (a) the state(s) that the other companies are domiciled, (2) if the financial status is monitored (if "yes", please explain) and (3) if there is a disaster recovery plan (if "Yes", please explain).	No	

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

GENERAL INTERROGATORIES

List the following capital stock information for the Reporting Entity:						
		1	2	3	4	5
		No. of Shares Authorized	No. of Shares Outstanding	Par or Stated Value Per Share	Dividend Rate	Are Dividends Cumulative?
26.	Common	N/A				
27.	Preferred	N/A				
Provide the following information for accounts that are ten (10% or more of the total Reporting Entities enrollment:						
(a) Type of Account - In the table below, describe the account using one of the following terms:						
(1) Federal Employees						
(2) County and Municipal Employees						
(3) State Employees						
(4) Corporate Nonpublic - Service Sector						
(5) Corporate Nonpublic - Manufacturing						
(6) Union and Trust Fund (Account contract should be with a union trust fund; do not include accounts for contracts with above categories even if they are (unionized)						
(7) Medicaid						
(8) Medicare						
(9) Other						
(b) Percentage of Total Enrollment - Provide the percentage of total enrollment represented by this account.						
(c) Renewal Date - Provide the renewal date (month/day/year) for the account's contract.						
	1	2	3			
	(a) Type of Account	(b) Percentage of Enrollment	(c) Renewal Date			
28.	None					
29.						
30.						
31.						
32.						
33.						
Provide the following details on reinsurance recoveries and expenses:						
	1	2	3	4	5	6
				Reinsurance Recoveries Receivable for the prior Annual Statement (same as Col 3 in last year's schedule)	Reinsurance Recoveries for Current Year Earnings (Col. 2+3+4)	Reinsurance Premiums
	Description of Treaty, Terms, and Name of Carrier	Total Reinsurance Recoveries Received in Current Year	Total Recoveries Receivable or Recoverable for Current Year Claims			
34.	Delta Reinsurance Corporation	91,545	93,647		185,192	
35.	PMI ceded 95% of all risk involving Pennsylvania				0	
36.	business. Premiums equal 95% of premium payments				0	
37.	less cost incurred.				0	
38.					0	
39.					0	
40.					0	

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

KNOX-KEENE

SUPPLEMENTAL INFORMATION

PURSUANT TO SECTIONS 1300.84.06, 1300.84.2 AND 1374.68

	1	2	3	4	5
A.	Explanation of the method of calculating the provision for incurred and unreported claims:				
1.					
B.	Accounts and Notes Receivable from officers, directors, owners or affiliates, as detailed below:				
	Name of Debtor	Nature of Relationship	Nature of Receivable	Amount	Terms
2.	Delta Dental Insurance Company	Affiliate	Operational	652,081	
3.	Delta Dental Plan of California	Affiliate	Operational	57,105	
4.					
5.					
6.					
C.	Donated materials or services received by the reporting entity for the period of the financial statements, as detailed below:				
	Donor's Name	Affiliation with Reporting Entity	Valuation Method	Amount	
7.					
8.					
9.					
10.					
11.					
D.	Forgiven debt or obligations, as detailed below:				
	Creditor's Name	Affiliation with Reporting Entity	Summary of How Obligation Arose	Amount	
12.					
13.					
14.					
15.					
E.	Calculation of Tangible Net Equity (TNE) and Required TNE in accordance with Section 1300.76 of the Rules:				
16.	Net Equity			\$	17,087,075
17.	Add: Subordinated Debt			\$	10,000,000
18.	Less: Receivables from officers, directors, and affiliates			\$	2,849,132
19.	Intangibles			\$	2,767,182
20.	Tangible Net Equity (TNE)			\$	21,470,761
21.	Required Tangible Net Equity (See Page 30)			\$	1,772,718
22.	TNE Excess (Deficiency)			\$	19,698,043
F.	Percentage of administrative costs to revenue obtained from subscribers and enrollees:				
23.	Revenue from subscribers and enrollees			\$	166,317,419
24.	Administrative Costs			\$	46,327,154
25.	Percentage				28
26.	The amount of health care expenses incurred during the six month period immediately preceding the date of the report which were or will be paid to noncontracting providers or directly reimbursed to subscribers and enrollees:			\$	1,399,286
27.	Total costs for health care services for the immediately preceding six months:			\$	60,641,258
28.	Percentage				2

		1
<p>G. If the amount of health care expenses incurred during the six month period immediately preceding the date of the report which <u>were or will be paid</u> to noncontracting providers or directly reimbursed to subscribers and enrollees exceeds 10% of the total costs for health care services for the immediately preceding six months, the following information, determined as of the date of the reports, shall be provided:</p>		
29. Amount of all claims for noncontracting provider services received for reimbursement but not yet processed:	\$	
30. Amount of all claims for noncontracting provider services denied for reimbursement during the previous 45 days:	\$	
31. Amount of all claims for noncontracting provider services approved for reimbursement but not yet paid:	\$	
32. An estimate of the amount of claims for noncontracting provider services incurred, but not reported:	\$	
33. Compliance with Section 1377(a) as determined in accordance with such section, as follows:		
34. Cash & cash equivalents maintained	\$	
35. Noncontracting provider claims (aggregate of total of items 29 - 32 above)	\$	0
36. Cash & cash equivalents reported to be maintained (120% x Line 35)	\$	0
37. Deposit required (100% of Line 36)	\$	0
38. Excess (deficient) reserves (Line 34 - Line 37)	\$	0
Percentage of premium revenue earned from point-of-service plan contracts:		
39. Premium revenue earned from point-of-service plan contracts	\$	
40. Total premium revenue earned	\$	
41. Percentage		
Percentage of total health care expenditures incurred for enrollees for out-of-network services for point-of-service enrollees:		
42. Health care expenditures for out-of-network services for point-of-service enrollees	\$	
43. Total health care expenditures	\$	
44. Percentage		
45. Point-of-Service Enrollment at end of period		
Total Ambulatory encounters for period for point-of-service enrollees:		
46. Physician		
47. Non-Physician		
48. Total		0
49. Total Patient Days Incurred for Point-of-Service enrollees		
50. Annualized Hospital Days/1000 for Point-of-Service enrollees		0
51. Average Length of Stay for Point of Service enrollees		0
52. Compliance with Section 1374.68(a) as follows:		
53. Current Monthly Claims Payable for out-of-network coverage or services provided under Point-of-Service Contracts:	\$	
54. Current monthly incurred but not reported claims balance for out-of-network coverage or services provided under Point-of-Service contracts	\$	
55. Total	\$	0
56. Total times 120%	\$	0
57. Deposit (Greater of Line 56 or minimum of \$200,000)	\$	

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

REQUIRED TANGIBLE NET EQUITY (TNE) CALCULATION:

TNE required must be equal to the GREATER of "A" "B" or "C" below (See Rule 1300.76)

Full Service Plans		Specialized Plans	
	1		2
A. Minimum TNE Requirement	\$ 1,000,000	Minimum TNE Requirement	\$ 50,000
B. REVENUES:			
1. 2% of the first \$150 million of annualized premium revenues	\$	2% of the first \$7.5 million of annualized premium revenue	\$ 150,000
Plus		Plus	
2. 1% of annualized premium revenues in excess of \$150 million	\$	1% of annualized premium revenue in excess of \$7.5 million	\$ 1,622,718
3. Total	\$ 0	Total	\$ 1,772,718
C. HEALTHCARE EXPENDITURES:			
4. 8% of the first \$150 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$	8% of the first \$7.5 million of annualized health care expenditures, except those paid on a capitated or managed hospital basis.	\$ 600,000
Plus		Plus	
5. 4% of annualized health care expenditures in excess of \$150 million except those paid on a capitated or managed hospital payment basis.	\$	4% of annualized health care expenditures in excess of \$7.5 million except those paid on a capitated or managed hospital payment basis.	\$ 1,163,247
Plus		Plus	
6. 4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$	4% of the annualized hospital expenditures paid on a managed hospital payment basis.	\$
7. Total	\$ 0	Total	\$ 1,763,247
8. Required "TNE" - Greater of "A" "B" or "C"	\$	Required "TNE" - Greater of "A" "B" or "C"	\$ 1,772,718

**KNOX -KEENE
SUPPLEMENTAL INFORMATION
PURSUANT TO SECTIONS 1374.64**

POINT OF SERVICE "ADJUSTED" TANGIBLE NET EQUITY CALCULATION

Calculation of Tangible Net Equity and required Tangible Net Equity in accordance with Section 1374.64:

	1
1. Net Equity	\$ 17,087,075
2. Add: Subordinated Debt	\$
3. Less: Receivables from officers, directors, and affiliates	\$
4. Intangibles	\$
5. Tangible Net Equity (TNE)	\$ 17,087,075
6. Required Tangible Net Equity (From Line 10 or 13 below)	\$
7. TNE Excess (Deficiency)	\$ 17,087,075
ADJUSTED REQUIRED MINIMUM TANGIBLE NET EQUITY CALCULATION:	
I. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(1) or (2):	
8. Minimum TNE as calculated under Rule 1300.76 (a)(1) or (2)	\$
9. 10% of annualized health care expenditures for out-of-network service for point-of-service enrollees	\$
10. Add lines 8 and 9	\$ 0
II. Plan is required to have and maintain TNE as required by Rule 1300.76 (a)(3):	
<u>PART A</u>	
11. Minimum TNE as recalculated to exclude annualized healthcare expenditures for out-of-network services for point-of-service enrollees (attach worksheet Page 32)	\$
12. 10% of annualized health care expenditures for out-of-network services for point-of-service enrollees	\$
13. Add lines 11 and 12	\$ 0
III. MINIMUM TNE REQUIREMENT TO DETERMINE MONTHLY REPORTING	
14. Multiply Line 5 (above) by 130%	\$ 22,213,198
15. Multiply Line 6 (above) by 130%	\$ 0
16. Difference (Line 14 - Line 15)	\$
If Line 14 is less than Line 15, then monthly reporting is required	\$ 22,213,198

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

WORKSHEET FOR ADJUSTED TANGIBLE NET EQUITY CALCULATION

	1 Full Service Plans	2 Specialized Plans
1. Health care expenditures for period	\$ <input type="text"/>	\$ <input type="text"/>
Less:		
2. Capitated or managed hospital payment basis expenditures	<input type="text"/>	<input type="text"/>
3. Health care expenditures for out-of-network services for point-of-service enrollees	<input type="text"/>	<input type="text"/>
4. Result	<input type="text" value="0"/>	<input type="text" value="0"/>
5. Annualized	<input type="text"/>	<input type="text"/>
6. Reduce to maximum of \$150 million	<input type="text"/>	<input type="text"/>
7. Multiply by 8%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
8. Annualized health care expenditures except those paid on a capitated or managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
9. Less \$150 million	<input type="text"/>	<input type="text"/>
10. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
Plus		
11. Annualized hospital expenditures paid on a managed hospital payment basis and excluding health care expenditures for out-of-network services for point-of-service enrollees	\$ <input type="text"/>	\$ <input type="text"/>
12. Multiply by 4%	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>
13. Total	\$ <input type="text" value="0"/>	\$ <input type="text" value="0"/>

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

Private Medical-Care, Inc. ("The Company"), a tax-exempt, nonprofit California corporation, as well as Alpha Dental Programs, Inc. ("Alpha"), and two subsidiaries named DeltaCare Dental Plans, Inc. ("DCDP"), administer and underwrite prepaid dental and vision care programs. The consolidated financial statements of the Company include the accounts of these 100% owned subsidiaries. Intercompany transactions and balances have been eliminated.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESEstimates and Assumptions

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as revenues and expenses reported for the periods presented. The Company regularly assesses these estimates and while actual results may differ, management believes that these estimates are reasonable.

Cash and Temporary Investments

Cash and temporary investments consist of demand deposits and money market funds. Certificates of deposit with original maturities in excess of three months are classified separately as restricted assets.

Property and Equipment

Office furniture, equipment and computer systems are stated at cost and depreciated by the straight-line method over their estimated useful lives. Leasehold improvements are stated at cost and are amortized on the straight-line basis over the remaining life of the building lease.

Deferred Compensation Plan

The Company provides a deferred compensation plan, other than a pension plan, for certain management employees. Investments and liabilities related to these programs consist of participant contributions and investment income and are included in long-term investments and other liabilities.

Accrued Professional Services

Accrued physician and referral claims represent estimated unpaid provider services incurred prior to the end of the year and are estimated based upon claims experience. Adjustments resulting from revisions of these estimates are reported in the period in which the revisions are made.

C. RELATED PARTY TRANSACTIONS

Delta Dental Plan of California ("DDPC") has the controlling membership and management contract with the Company. Under the contract, the Company receives management and consulting services from DDPC. The fee for these services amounted to \$1,577,255 for 2001 and \$1,690,235 through December 31, 2002.

The Company participates in a defined benefit pension plan for DDPC and its affiliates. The funding policy is to contribute annually not less than the minimum required by ERISA. The Company's pension expense was \$290,667 for 2001, and \$540,087 through December 31, 2002.

The Company maintains a demand deposit account with DDPC for investment purposes. The balance is available when needed and earned 6.6% in 2001, based on returns obtained by DDPC. The Company's deposit was \$18,744,434 at December 31, 2001 and \$21,399,465 at December 31, 2002.

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

NOTES TO FINANCIAL STATEMENTS

D. POST-RETIREMENT HEALTH BENEFITS PLANS

The Company participates in a post-retirement health benefit plan for DDPC and its affiliates. The plan limits the Company's annual cost sharing increase to 4% beginning in the year 2003 with increases above the limit paid by retirees. A 13% healthcare trend rate and a 4% discount rate was used in the measurement of the Company's benefit obligations for 2001 and 2000, respectively.

The accrued post-retirement benefit and accumulated post-retirement benefit obligation for the Company are summarized in the table below:

	2001	2000
Accumulated benefit obligations	<u>\$ 1,764,824</u>	<u>\$ 1,272,000</u>
Projected benefit obligations	1,764,824	1,272,000
Fair value of plan assets	<u>-</u>	<u>-</u>
Obligations in excess of assets	<u>\$ 1,764,824</u>	<u>\$ 1,272,000</u>
Accrued liability	<u>\$ 2,602,182</u>	<u>\$ 2,440,504</u>
	2001	2000
Service cost of benefits earned	\$ 95,000	\$ 60,000
Interest cost on projected benefit obligation	120,000	90,000
Expected return on plan assets	-	-
Amortization of unrecognized prior service cost and experience losses	(25,000)	(48,000)
Net periodic costs	<u>\$ 190,000</u>	<u>\$ 102,000</u>
Company contributions	<u>\$ 6,200</u>	<u>\$ 3,500</u>
Employee contributions	<u>\$ -</u>	<u>\$ -</u>
Benefit payments	<u>\$ 6,200</u>	<u>\$ 3,500</u>

E. LEASE COMMITMENTS AND CONTINGENCIES

The Company has various operating and capital leases for office facilities and equipment. Those contracts include a fifteen year sublease for office facilities which commenced in 1998. The future minimum lease payments required under these agreements range from \$1,667,417 to \$3,345,837, in subsequent years through 2006 and aggregate \$16,920,715 through December 31, 2009. Rent expense in 2001, 2000 and 1999 was \$2,866,281, \$2,386,588 and \$2,403,000, respectively.

F. Subsidiaries

The consolidated financial statements include results of the Company's national subsidiaries. Year to date results of the individual subsidiaries are presented below

	PMI UNCONSOLIDATED	ALPHA TEXAS	DCDP NEVADA	DCDP UTAH	PMI CONSOLIDATED
Revenue	\$ 160,270,651	\$ 5,561,796	\$ 395,379	\$ 89,593	\$ 166,317,419
Interest & Other Revenue	\$ 2,680,394	\$ 18,984	\$ 1,920	\$ 4,808	\$ 2,706,106
Total Revenue	\$ 162,951,045	\$ 5,580,780	\$ 397,299	\$ 94,401	\$ 169,023,525
Health Care Expense	\$ 117,193,714	\$ 3,588,619	\$ 418,164	\$ 49,460	\$ 121,249,957
Administration Expense	\$ 45,588,226	\$ 1,992,721	\$ 109,147	\$ 30,734	\$ 47,720,828
Total Expenses	\$ 162,781,940	\$ 5,581,340	\$ 527,311	\$ 80,194	\$ 168,970,785
Income (Loss)	<u>\$ 169,105</u>	<u>\$ (560)</u>	<u>\$ (130,012)</u>	<u>\$ 14,207</u>	<u>\$ 52,740</u>
Assets	\$ 56,850,857	\$ 1,305,879	\$ 284,706	\$ 368,995	\$ 58,810,437
Liabilities	\$ 41,081,199	\$ 414,181	\$ 147,092	\$ 80,890	\$ 41,723,362
Equity	\$ 15,769,658	\$ 891,698	\$ 137,614	\$ 288,105	\$ 17,087,075
Total Liabilities & Equity	<u>\$ 56,850,857</u>	<u>\$ 1,305,879</u>	<u>\$ 284,706</u>	<u>\$ 368,995</u>	<u>\$ 58,810,437</u>

H. Third Party Administration

Results of operations include transactions related to national states in which the Company serves as a Third Party Administrator. Premium, professional services and outside referrals from these states year to date are:

	FLORIDA	GEORGIA	TOTAL
Subscriber Revenue	<u>\$20,371,803</u>	<u>\$2,104,999</u>	<u>\$22,476,802</u>
Healthcare Expense	<u>18,034,380</u>	<u>1,688,171</u>	<u>19,722,551</u>
Margin	<u>\$2,337,423</u>	<u>\$416,828</u>	<u>\$2,754,251</u>

STATEMENT AS OF 12-31-2002 OF 933-0079 Private Medical-Care, Inc.

NOTES TO FINANCIAL STATEMENTS

G. TANGIBLE NET EQUITY

The Company is regulated by the California Department of Managed Health Care and is required to maintain a minimum tangible net equity of \$1,483,000 and \$1,772,718 at December 31, 2001 and December 31, 2002 respectively. Tangible net equity as defined is \$14,081,718 at those dates.

Table 1 reflects the elimination of \$2,767,182 from Tangible Net Equity representing the minimum Capital and Risk Based Capital required for the restricted assets related to PMI's operations outside of California. As of December 31, 2002, the amended Tangible Net Equity is \$21,470,761. This represents an excess of \$19,698,043 above the minimum required TNE of \$1,772,718.

TABLE 1

EXCLUDES PA, TX, UT, NV, & MD REQUIRED EQUITY AND RESTRICTED ASSETS

Net Worth Per Examination as of December 31, 2002 (From Section I.A.)	\$ 17,087,075
Add: Subordinated Notes Payable to Delta Dental Plan of California	\$ 10,000,000
Less: Receivables from officers, directors, and affiliates and 10% DDPC investment	\$ (2,849,132)
Less: Minimum Risk Based Capital and restricted assets required by other states	\$ (2,767,182)
Tangible Net Equity	\$ 21,470,761
Required TNE as of December 31, 2002	\$ 1,772,718
Excess TNE as of December 31, 2002	\$ 19,698,043

Private Medical Care, Inc.

Minimum Capital, Risk Based Capital Requirements and Restricted Assets 12/31/2002

All Requirements

Pennsylvania RBC	\$ 2,014,499
Maryland RBC	\$ 83,572
Maryland Restricted Assets	\$ 99,723
Texas Capital Requirements	\$ 300,000
Texas Restricted Assets	\$ 133,088
Nevada Capital Requirements	\$ 75,000
Nevada Restricted Assets	\$ 16,300
Utah Capital Requirements	\$ 15,000
Utah Restricted Assets	\$ 30,000
Total	\$ 2,767,182

t equity of approximately
732 and \$21,470,761 at

requirements and
or PMI is

Private Medical-Care, Inc. As of 12/31/2002**Interrogatory Supplemental Information**

Have any other legal actions been taken against the Reporting Entity during the reporting year? If "Yes," attach additional sheets giving full particulars. YES

Four legal actions were initiated in 2002. All cases were filed in small claims court. No case has any contingent liability greater than 1% of TNE.

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